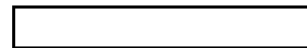


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USSR - Communist China: In the opening part of his report on agriculture to the central committee plenum, Khrushchev, although he did not name Communist China, vigorously attacked Chinese criticism of the Soviet party's new program, derided Mao's road to Communism, and warned the Chinese and other Communist parties against using it as a model. He singled out for ridicule those of his opponents who uphold idealistic positions and preach a low standard of life and asceticism--a reference to the Chinese statements that poverty must not be detested, as even a disciple of Confucius lived happily on "a single dish of food and a single ladle of water in a poor alley." He condemned the view that Communism is a "table with empty plates with 'highly conscious' people" sitting around, and insisted--with an emphasis in sharp contrast to Chinese commentary--on abundance for the individual as a goal for any transition to full Communism.

Khrushchev's remarks and the assault by Leningrad party boss Ivan Spiridinov at the plenum on dogmatists and "attempts to run ahead" in applying the principles of Communism suggest that the Soviet leaders intend to maintain their pressure on the Chinese. Khrushchev's insistence that building Communism in the USSR serves the interests of "all revolutionary forces" is intended to counter Chinese charges that Moscow's "USSR first" policy is carried out at the expense of revolutionary movements. The Chinese, for their part, indicate they will not back down in the face of this Soviet pressure; the latest issue of Peiping's

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25X1 theoretical journal sharply condemns "unconditional peaceful coexistence" as a policy which involves constant concession toward imperialism.

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Greece-NATO: Greece is informing NATO headquarters that it plans "drastic cuts" in its military establishment beginning 1 January 1963, citing elimination of US defense support after fiscal year 1962 as the primary reason. Greek contribution to NATO defense is at present proportionately among the highest, in terms of gross national product, of all member countries. The US ambassador in Athens comments that analysis of the new Greek budget indicates cessation of US grant aid need not have such a drastic effect on military appropriations unless the Greek Government wants it that way. It appears that the Karamanlis government, committed to an ambitious economic development program which will have a widespread political and sociological impact, has decided to use this occasion to reduce the Greek defense effort to the level of other small NATO powers. Athens may also hope to use the threat of a severe reduction in its defense posture as the most effective means to impress reluctant aid donors among the wealthier NATO states with the need to assist the Greeks if SACEUR force goals are to be achieved.

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CONCLUSIONS OF SPECIAL USIB SUBCOMMITTEE ON BERLIN SITUATION

The United States Intelligence Board has approved the following conclusions reached by its Special Berlin Subcommittee which reviewed the situation for the period 21 February through 6 March 1962:

1. Over the next several weeks, Soviet moves on the Berlin and German questions will depend to some extent on the outcome

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of the current Soviet maneuvering on other East-West questions, particularly disarmament, nuclear testing, and the campaign for an eventual summit meeting. The Soviets almost certainly view the contacts between foreign ministers at Geneva as an opportunity for moving the exploratory talks on Berlin onto a new level. These contacts, however, will not restrain the Soviets and East Germans from undertaking further calculated probes of the Western position.

2. We believe that the Communists hope to improve their bargaining position and undermine Western rights by confronting the Western powers with new encroachments on Western access, but in taking such moves over the next several weeks the USSR will stop short of a separate peace treaty. New East German customs, passport, and visa laws may still be forthcoming and might be accompanied by some Soviet attempt to alter controls over Allied ground access to Berlin by injecting East Germans into the procedures. Soviet use of the air corridors indicates that Moscow will continue to pursue a variety of tactics in order to bring about a fundamental change in Western air access to Berlin.

3. The 26-28 February meeting between Ulbricht and Khrushchev provides some evidence that while a separate peace treaty is still being held in reserve it is considered as a last resort if negotiations, combined with pressure tactics, fail to achieve any results.

4. The recent conclusion of Soviet - East German aid and trade agreements should help to shore up East Germany's economic position and enable East Germany to progress toward its goal of "economic invulnerability" to any West German trade embargo. However, the agreements are probably not intended to prepare the regime for possible NATO economic countermeasures. They are part of the USSR's policy of integrating the East German economy more closely into that of the bloc, and will have the effect of making German reunification increasingly difficult. [REDACTED]

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WATCH COMMITTEE CONCLUSIONS

On the basis of findings by its Watch Committee, the United States Intelligence Board concludes that:

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No Sino-Soviet bloc country intends deliberately to initiate direct military action in the immediate future.

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LAOS: The tempo of military activity continues at a relatively low level, although the Communist forces continue to improve their logistical situation. Neither side is likely to undertake major hostilities while the current round of talks is in progress.

SOUTH VIETNAM: The Viet Cong are continuing to expand the number and size of their guerrilla actions against government forces, including occasional battalion-size attacks. Continued bloc criticism of US military assistance to South Vietnam suggests that the Communist bloc may increase its efforts to assist the Viet Cong with materiel assistance.

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Special Counsel to the President

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The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Civil and Defense Mobilization

The Director, National Aeronautics and Space Administration

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

The Treasury Department

The Secretary of the Treasury

The Under Secretary of the Treasury

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Assistant Secretary of Defense (International Security Affairs)

The Assistant Secretary of Defense

The Chairman, The Joint Chiefs of Staff

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, Defense Intelligence Agency

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

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